

Washington, D.C. 20520

System II/Add-on
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December 19, 1983

~~SECRET/SENSITIVE~~MEMORANDUM TO MR. ROBERT C. MCFARLANE
THE WHITE HOUSESubject: US Policy Towards the Iran-Iraq War:
Status Report on NSDD-114

To aid the discussion at the December 22 NSPG on the Iran-Iraq war, this memo summarizes the steps we have taken recently and others we are planning as part of our implementation of the NSDD-114 strategy on the Iran-Iraq war and Persian Gulf security.

We are pursuing both diplomatic steps and military planning measures. Our immediate priority is to take all possible diplomatic and political actions to bring about a negotiated settlement and, failing that, to prevent an escalation of the war. The military planning element of our approach is to undertake with key Allies and regional friends the advanced planning for military cooperation required to ensure an effective multinational response to military threats to freedom of navigation for non-belligerents in the Gulf or to attacks on regional states, when assistance is requested.

Diplomatic

We are currently pursuing four diplomatic initiatives aimed at reducing escalatory pressures, giving Iran an incentive to end the war, and establishing the basis for Western action within the UN should the conflict escalate.

o Discussions with Iraq: Ambassador Rumsfeld plans to raise (December 20) with Saddam Hussein our concern that Iraqi attacks on Iranian oil exports, with the likelihood of Iranian counter-escalation and a possible resulting disruption of oil supplies, would be damaging to oil importing countries throughout the world and could undermine sympathy in those countries towards Iraq. We will also be encouraging other countries who may have some influence with Iraq (e.g., Japan) to reinforce this message.

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On a related issue, our charge in Baghdad has informed Iraq that we take very seriously reports that Iraq has used CW against Iran and that this damages Iraq's international image as well as our efforts in the UN and elsewhere to halt all CW use. The Iraqi official who received our demarche denied any Iraqi CW use. We will nonetheless continue our effort to bring about a halt of Iraqi CW activity, including possible use of intermediaries to carry our message to Baghdad and acknowledgment in the UN of public reports of Iraqi CW use.

o Halting Western Arms to Iran: We have also asked several countries to consider halting or reducing their arms sales to Iran, pointing out that such transfers are unhelpful to the world community and make it easier for Iran to continue the war without paying a heavy price. In general, the initial, albeit incomplete, responses to our demarche have been mildly encouraging, with many Allies agreeing that the issue of arms sales to Iran is a legitimate area for diplomatic discussion. In some cases, however, concern has been expressed about the impact of an arms cut-off on other commercial relations.

o US Export Controls on Iran: We are recommending further controls on U.S. exports to Iran. We are moving to add Iran to the terrorist list, thereby subjecting Iran to controls similar to those in effect for Syria and South Yemen. We are also considering the idea that, in conjunction with the Department of Commerce, we formulate an Iran-specific foreign policy export control for aircraft and aircraft parts containing a presumption of denial for military end users.

o UN Action: UNSC Resolution 540 called for renewed mediation efforts by the SYG as well as a ceasefire in the Gulf. Iran formally rejected 540, but has supported previous mediation efforts by the SYG and wants an updated UN investigation of war damages, the subject of a previous UN report. Iraq, however, supports this only if Iran accepts 540. We are encouraging the SYG to reactivate his efforts, and urging others to do so. He is probing for openings and has sent Under SYG Cordovez to Stockholm to discuss a new mission by the SYG's special envoy, Olaf Palme.

We are also consulting with the British on their proposal to have a draft UN Security Council Resolution available in the event of imminent or actual escalation of the war in the Gulf. Such a resolution might be useful to preempt unfriendly moves in the UNSC, or to reaffirm the principle of freedom of navigation.

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Military Planning

o Allied Consultations: As directed by NSDD-114 the State Department, with DoD participation, has launched an intensified round of politico-military consultations with key Allies and the GCC states. Representatives from the UK, French, German, Italian, Japanese, Australian and New Zealand embassies in Washington were briefed in late November on our assessment of the threat in the Gulf and our plans for dealing with it. In a subsequent round of discussions with these allies, we requested the UK, France, Italy, Australia and New Zealand to begin the process of combined military planning for Gulf contingencies. The British have agreed to our request. These US/UK military planning talks will begin in mid-January. Politico-military teams from the US and UK have exchanged visits to share assessments. Prime Minister Thatcher has ordered that a review of UK Persian Gulf policy be completed by 21 December. We are awaiting official responses from the others. In the meantime, we are reviewing the 1980 understandings that were reached on US/Allied protection of shipping in the Persian Gulf.

o Gulf Consultations: In early December, a State/DoD team completed politico-military consultations with all six Gulf Cooperation Council (GCC) states on diplomatic measures and joint military planning to deter or defend against Iranian attacks on neutral shipping or Gulf state oil facilities. Oman, UAE, Qatar and Bahrain agreed to receive a US military team which would assess the Iranian threat in various escalation scenarios, US response capabilities, and our requirements for Gulf state military support and cooperation. Saudi Arabia requested an assessment of threat scenarios, which we have provided to both high-level political and military officials. Although the Saudis have not made a final decision on whether to proceed with joint operational planning on the basis of this threat assessment briefing, they have kept the door open to further consultations. A US military team will visit Oman and Bahrain later this month to begin detailed bilateral contingency planning for combined operations. The team will also visit the UAE and Qatar, which have indicated they may be receptive to a US presentation that suggests combined military operations and access for the US military. It will also visit Kuwait, which wishes to expand intelligence exchanges with us, but feels too exposed to enter into joint planning.

In addition to continuing the consultations begun under NSDD-114, we are exploring several measures to establish a long-term framework for US security cooperation with the Gulf

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states, including upgrading intelligence sharing, air defense improvements, and support for internal security. We are also suggesting greater involvement of the GCC as an organization in our Gulf security efforts (without relying on the GCC as a vehicle for closer cooperation with the Gulf states). As a first step in this process, we are briefing the GCC Secretary General on our consultations in the Gulf and will renew our encouragement for the creation of a GCC regional integrated air defense system (RIADS) based on common procurement of advanced US air defense equipment.

Consultations with Others

o Selected Friends and Allies: We informed the Israelis during the Shamir visit of our plans to consult with the Gulf states. Following completion of the military talks with the Gulf states, we will brief selected countries (e.g., Morocco, Spain, Portugal) who may be asked to support US deployments and others, including those concerned about security in the Gulf and major oil producers. Finally, we have briefed Iraq, Egypt, and Jordan on our consultations with Gulf countries.

o The Congress: Because Congress is in recess and consultations with Allies and the Gulf states have not yet been completed, calls to Members or staff on this specific issue are unnecessary at this time. We will brief the Senate leadership and other key Members as opportunities arise prior to the reconvening of Congress. It would be appropriate to brief Congressional leaders during Secretary Shultz's breakfast with the House and Senate leadership (tentatively scheduled for January 25).

Charles Hill
for Charles Hill
Executive Secretary

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